

<b>FLA Audit Profile</b>					
Country	China	<b>FLA Comment:</b> This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company, however the recommendations have not been agreed or incorporated by the company. The report is posted in its current state and is considered finalized. Updates on the progress of the corrective			
Name of Factory	520015608F				
Independent External Monitoring Organization	SGS				
Date(s) in Facility	July 3-5, 2007				
FLA Affiliated Compan(ies)	Acushnet Co.				
Number of Workers	2521				
Product(s)	Footwear				
Production Processes	Cut, stitch, outsole, lasting				
FLA Code/Benchmark	Compliance Status	Describe noncompliance, risk of noncompliance or uncorroborated evidence of noncompliance	List sources/documentation used for reference and corroborating evidence (e.g. worker interviews, factory walkthrough, records review, etc.)	Cite and describe local and/or country laws used for additional reference	Describe notable features implemented by factory management or Company
<b>1. Code Awareness</b>					
GEN 3: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with assurance that they shall not be punished or prejudiced for doing so.	Risk of noncompliance	The workers can contact the Company directly and confidentially through the telephone. The telephone number provided in the COC handbook is a US telephone number, but it was not easy to use since most workers did not speak English.	Based on review the COC handbook and interviews with workers.		
<b>2. Forced Labor</b>					
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.					
F.2 Freedom in Employment	Noncompliance	According to the labor contract, the workers would be fined RMB 500 as compensation when they resigned during the labor contract period. But based on management and worker interviews, this was only defined in the labor contract and had not been executed in the factory before.	Based on review of the labor contract and interviews with management and workers.		
F.14 Forced Overtime	Noncompliance	Based on factory rules, workers are required to apply for leave for absence from OT. If their supervisors did not approve the leave, RMB 36 (full attendance allowance) would be deducted from their wages. Workers interviewed indicated that it was difficult to get leave, but if there was a special situation (illness, for example), supervisors would approve leave.	Based on the review of the factory rules and interviews with workers.		
<b>3. Child Labor</b>					
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.					
<b>4. Harassment or Abuse</b>					
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.					
<b>5. Non-Discrimination</b>					
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.					
D.3 Recruitment and Employment Practices (Job Advertisements, Job Descriptions and Evaluation Policies)	Noncompliance	Based on the recruitment policy and interviews with management and workers, the factory did not recruit workers who had hepatitis B.	Based on review of the recruitment policy and interviews with management and workers.		
<b>6. Health and Safety</b>					
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.					

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H&S.8 Permits and Certificates	Noncompliance	Though there were 4 elevators used in the factory, only 3 elevator operators had obtained elevator operator permits. Factory management stated that 1 elevator had stopped being used. During the audit, auditors found that 1 elevator was not being used.	Based on certificate review and on-site observation.	Regulations on Safety and Supervision of Special Equipment, Article 39: The operators and management staff of boilers, pressure vessels, elevators, and passenger tram rails shall first acquire qualification from the safety and supervision administrative department in charge of special equipment and obtain the unified special equipment operator certificates before they fulfill their jobs.	
H&S.14 Material Safety Data Sheets/Worker Access and Awareness	Noncompliance	MSDS were available in most areas where chemicals were used and stored; however, some white gule storage areas were without MSDS.	Based on on-site observation.	Regulations on Safety in Workplaces Where Chemicals Are Used (Article 12): The chemicals used by the employing units shall have labels and dangerous chemicals should be attached with safety labels. Also, the safety and technical instructions of the chemicals shall be available for operators engaged in the use of the chemical. (Article 20): The employing unit shall let safety and sanitary documents of dangerous chemicals be known to all employees and educate them to identify the safety labels, understand the safety and technical instructions, and master emergency handling and first-aid measures. The employing unit shall also regularly educate and train its employees regarding safe use of chemicals at the workplace.	
H&S.18 Machinery Maintenance and Worker Training	Noncompliance	About 13 sewing machines were without the protective device for transmission belts.	Based on on-site observation.	Regulations on Safety and Sanitation in Factories, Article 32: Transmission belts, exposed gears, grinding wheels, electric saws, couplings close to the ground level, revolving shafts, pulleys or flywheels and other dangerous parts should all be fitted with protective devices.	
<b>7. Freedom of Association and Collective Bargaining</b>					
Employers will recognize and respect the right of employees to freedom of association and collective bargaining. <b>FLA Comment:</b> The Chinese constitution guarantees Freedom of Association (FOA); however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union - the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of FOA, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. Trade unions also have an enhanced role in dispute resolution. In Dec. 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.					
FOA.25 Facilities for Worker Representatives	Risk of noncompliance	There were 16 worker representatives in the factory; 3 worker representatives were direct workers. Based on interviews with workers, all workers knew there was 1 union in the factory, but most of the interviewees did not know who the worker representatives were.	Based on review of the election records and interviews with workers.		
<b>8. Hours of Work</b>					
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least 1 day off in every 7-day period.					

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HOW.6 Time Recording System	Risk of noncompliance	Based on attendance and payroll records provided by the factory, some workers' OT hours were missing 0.5 hours. For example, the beginning OT work time was 18:00 and the end OT work time was 21:32. The total OT should be 3.5 hours, but payroll indicated that OT was only 3 hours. Based on interviews with workers and management, the factory would cut power at the end of the work shift (21:00) so that the entire workshop would be out of power.	Based on review of attendance records and interviews with workers and management.		
9. Wages, Benefits and Overtime Compensation					
<b>WAGES AND BENEFITS:</b> Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.					
<b>OVERTIME COMPENSATION:</b> In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.					
10. Miscellaneous					
Subcontracting, homework and other issues not covered by above benchmarks and code requirements.					
MISC.1 Illegal Subcontracting	Noncompliance	2 subcontractors and some homeworkers were used at the factory. The factory did not have written contracts with these 2 subcontractors and did not have someone overseeing the subcontractors to ensure that their contracts were implemented in compliance with the Code.	Based on interviews with workers and management and review of production records.		